

Message Text

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67

ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 L-03 H-02 DODE-00 PA-01 PRS-01 AGR-05 SAJ-01

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R 270810Z APR 76

FM AMEMBASSY BELGRADE

TO SECSTATE WASHDC 6439

INFO AMCONSUL ZAGREB

LIMITED OFFICIAL USE BELGRADE 2761

E.O. 11652: NA

TAGS: ECON EGEN YO

SUBJ: DEVELOPMENTS AND TRENDS IN YUGOSLAV ECONOMY, FIRST QUARTER
1976

REF: BELGRADE 2707

1. A SENIOR FEC STAFF OFFICIAL TOLD EMBOFF THAT DATA ON
FINANCIAL FLOWS IN MARCH INDICATES AN INCREASE IN DOMESTIC
DEMAND SO LARGE THAT AT FIRST IT WAS THOUGHT TO BE IN ERROR.
HE ACKNOWLEDGED THE FEC, BASED ON A DISAPPOINTINGLY LOW FIRST
QUARTER GROWTH IN PRODUCTION, HAS ALREADY FORWARDED A PROPOSAL TO
THE ASSEMBLY THAT PROVIDES FOR A QUOTE QUICK AND STRONG UNQUOTE
STIMULATION OF DEMAND. HOWEVER, IN LIGHT OF THE UNEXPECTED
MARCH DATA, THIS OFFICIAL NOW THOUGHT ANY NEW
STIMULATIVE MEASURES MIGHT BE DELAYED UNTIL (A) IT COULD BE
ESTABLISHED IF MARCH DATA IS ACCURATE AND (B) IF SO, DOES IT
REPRESENT A TREND OR IS IT ONLY A ONE-SHOT PHENOMENON?
OFFICIAL COULD OFFER NO EXPLANATION FOR MARCH FINANCIAL FIGURES
BEYOND GUESSING THEY MAY BE CONNECTED WITH IMPLEMENTATION OF NEW
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ACCOUNTING/PAYMENTS SYSTEM WHICH HAS CAUSED SOME UNUSUAL FINANCIAL

BEHAVIOR BY ENTERPRISES AND BANKS.

2. COMMENT: THIS OFFICIAL WAS OBVIOUSLY EXCITED AND PERPLEXED BY MARCH DATA SINCE, IF DEMAND IS RISING NATURALLY, THE AUTHORITIES DO NOT WANT TO UNDERTAKE ADDITIONAL STIMULATORY MEASURES THAT MIGHT BE INFLATIONARY. ON OTHER HAND, IF THIS INFORMATION DOES NOT SIGNAL A TREND, THEN BY DELAYING STIMULATORY MEASURES GOY AUTHORITIES RUN RISK OF GOING INTO TRADITIONALLY SLACK SUMMER VACATION PERIOD WITH STAGNATING PRODUCTION. SILBERMAN

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Message Attributes

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